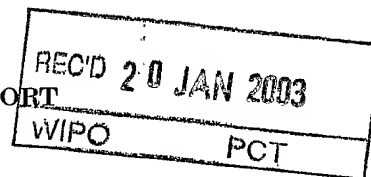


PATENT COOPERATION TREATY

PCT

INTERNATIONAL PRELIMINARY EXAMINATION REPORT

(PCT Article 36 and Rule 70)



Applicant's or agent's file reference 3499-067WO	FOR FURTHER ACTION See Notification of Transmittal of International Preliminary Examination Report (Form PCT/IPEA/416)	
International application No. PCT/US01/11355	International filing date (day/month/year) 05 APRIL 2001	Priority date (day/month/year) 10 APRIL 2000
International Patent Classification (IPC) or national classification and IPC IPC(7): G 06F 17/60 and US Cl.: 705/36		
Applicant GOLDMAN SACHS & CO.		

1. This international preliminary examination report has been prepared by this International Preliminary Examining Authority and is transmitted to the applicant according to Article 36.

2. This REPORT consists of a total of 3 sheets.

☐ This report is also accompanied by ANNEXES, i.e., sheets of the description, claims and/or drawings which have been amended and are the basis for this report and/or sheets containing rectifications made before this Authority. (see Rule 70.16 and Section 607 of the Administrative Instructions under the PCT).

These annexes consist of a total of — sheets.

3. This report contains indications relating to the following items:

- I ☒ Basis of the report
- II ☐ Priority
- III ☐ Non-establishment of report with regard to novelty, inventive step or industrial applicability
- IV ☐ Lack of unity of invention
- V ☒ Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability, citations and explanations supporting such statement
- VI ☐ Certain documents cited
- VII ☐ Certain defects in the international application
- VIII ☐ Certain observations on the international application

Date of submission of the demand 06 NOVEMBER 2001	Date of completion of this report 14 JULY 2002
Name and mailing address of the IPEA/US Commissioner of Patents and Trademarks Box PCT Washington, D.C. 20231	Authorized officer GEOFFREY AKERS
Facsimile No. (703) 305-3230	Telephone No. (703) -306-5844

INTERNATIONAL PRELIMINARY EXAMINATION REPORT

International application No.

PCT/US01/11355

I. Basis of the report1. With regard to the **elements** of the international application:*☒ the international application as originally filed☒ the description:pages 1-14pages NONEpages NONE, as originally filed
, filed with the demand
, filed with the letter of _____☒ the claims:pages 15-17pages NONEpages NONEpages NONE, as originally filed
, as amended (together with any statement) under Article 19
, filed with the demand
, filed with the letter of _____☒ the drawings:pages 1pages NONEpages NONE, as originally filed
, filed with the demand
, filed with the letter of _____☒ the sequence listing part of the description:pages NONEpages NONEpages NONE, as originally filed
, filed with the demand
, filed with the letter of _____2. With regard to the **language**, all the elements marked above were available or furnished to this Authority in the language in which the international application was filed, unless otherwise indicated under this item.

These elements were available or furnished to this Authority in the following language _____ which is:

☐ the language of a translation furnished for the purposes of international search (under Rule 23.1(b)).☐ the language of publication of the international application (under Rule 48.3(b)).☐ the language of the translation furnished for the purposes of international preliminary examination (under Rules 55.2 and/or 55.3).3. With regard to any **nucleotide and/or amino acid sequence** disclosed in the international application, the international preliminary examination was carried out on the basis of the sequence listing:☐ contained in the international application in printed form.☐ filed together with the international application in computer readable form.☐ furnished subsequently to this Authority in written form.☐ furnished subsequently to this Authority in computer readable form.☐ The statement that the subsequently furnished written sequence listing does not go beyond the disclosure in the international application as filed has been furnished.☐ The statement that the information recorded in computer readable form is identical to the written sequence listing has been furnished.4. ☒ The amendments have resulted in the cancellation of:☒ the description, pages NONE☒ the claims, Nos. NONE☒ the drawings, sheets/fig NONE5. ☐ This report has been drawn as if (some of) the amendments had not been made, since they have been considered to go beyond the disclosure as filed, as indicated in the Supplemental Box (Rule 70.2(c)).**

* Replacement sheets which have been furnished to the receiving Office in response to an invitation under Article 14 are referred to in this report as "originally filed" and are not annexed to this report since they do not contain amendments (Rules 70.16 and 70.17).

**Any replacement sheet containing such amendments must be referred to under item 1 and annexed to this report.

INTERNATIONAL PRELIMINARY EXAMINATION REPORT

International application No.

PCT/US01/11355

V. Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement**1. statement**

Novelty (N)	Claims	<u>1-17</u>	YES
	Claims	<u>NONE</u>	NO
Inventive Step (IS)	Claims	<u>NONE</u>	YES
	Claims	<u>1-17</u>	NO
Industrial Applicability (IA)	Claims	<u>1-17</u>	YES
	Claims	<u>NONE</u>	NO

2. citations and explanations (Rule 70.7)

Claims 1-17 lack an inventive step under PCT Article 33(3) as being obvious over Luskin(US Pat. No:5,812,987) in view of Fernholz(US 5,819,238).

As per claims 1-17 Lusking teaches a method of reducing earnings volatility in accounting in a derivative portfolio the method comprising determining a first sensitivity value of a portfolio to underlying conditions(Figs 1-7)(Abstract)(col 2 lines 24-62)(col 3 lines 31-67)(col 4 lines 1-49)(col 6 lines 5-60)(col 7 lines 5-col 8 line 7)(col 8 line 62-col 12 line 10). Fernholz teaches trading in an immunizing instrument having a second sensitivity value substantially equal in magnitude and opposite in value to the first sensitivity and trading in a qualifying instrument having a third sensitivity value substantially equal to the first sensitivity value(Abstract)(Figs 1-13)(col 1 lines 48-col 3 line 3)(col 4 lines 54-col 5 line 42)(col 7 line 5-col 14 line 14)(col 14 lines 16-62)(col 15 line 50-col 29 line 57).It would have been obvious to one skilled in the art at the time of the invention to combine Luskin in view of Fernholz to teach the above. The motivation to combine is to teach a method for effectively managing a portfolio particularly an index fund to yield consistently high returns as enunciated by Fernholz(col 4 lines 21-38).

----- NEW CITATIONS -----
NONE